

PROPERTY FORECLOSURES IN MARYLAND

FOURTH QUARTER 2015



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PROPERTY FORECLOSURE EVENTS IN MARYLAND FOURTH QUARTER 2015

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PROPERTY FORECLOSURE EVENTS IN MARYLAND

FOURTH QUARTER 2015

EXECUTIVE SUMMARY

Fourth quarter RealtyTrac data show that property foreclosure filings (or events) in the U.S., which includes notices of default, notices of foreclosure sales, and lender purchases of foreclosed properties, declined 8.4 percent to 299,855 events from the previous quarter. Compared with year ago levels, foreclosures dropped 11.0 percent (Exhibit 1). The U.S. foreclosure rate, defined as the number of foreclosures per 10,000 households, fell from 24.8 in the previous quarter to 22.7 in the current quarter. Nationally, foreclosure activity grew in 16 states as well as the District of Columbia, but fell in 34 states from the prior quarter and prior year. The top five quarterly increases were in Connecticut, Nebraska, North Dakota, Oklahoma, and Rhode Island while the highest declines were in Kansas, Idaho, Nevada, New Hampshire, and South Dakota.

In the fourth quarter, foreclosure activity in Maryland grew 16.8 percent from the prior quarter to 12,686 events. The increase from the third quarter can be attributed largely to a significant jump in notices of default, while foreclosure sales and lender purchases remained relatively stagnant. On an annual basis, foreclosure activity decreased 9.1 percent (Exhibits 1 and 2).

New foreclosure filings grew 53.5 percent to 5,687 in the fourth quarter, 13.3 percent below the same period last year. Foreclosure sales barely budged in the fourth quarter, increasing by 0.4 percent to 4,556 properties, in line with relatively stagnant home prices. On an annual basis, foreclosure sales grew 5.1 percent. Lender purchases grew 5.3 percent from the prior quarter at 3,624 properties, a boost of 1.7% from the previous year. Notwithstanding the monthly fluctuations, property foreclosure activity in Maryland is expected to continue trending downward in the coming quarters as the housing market recovers signaled by strong housing market indicators such as median home prices, homes sales, lower months' supply and declining number of days properties for sale remain on the market prior to contract execution.

With the increase in total foreclosure activity, Maryland's foreclosure rate grew from the rate of 45.0 foreclosures per 10,000 households in the third quarter to 53.1 in the fourth quarter of 2015. Maryland's ranking remained among the top five states with the highest foreclosure rates nationwide. The State's foreclosure rate was 134.0 percent above the U.S. rate of 22.7 in the fourth quarter.

Among the neighboring states, Delaware's ranking regressed from 12th highest in the prior quarter to 8th highest in the current quarter; Pennsylvania continued to rank as the 13th highest in the fourth quarter of 2015; Virginia's ranking fell from the 31st to the 27th highest during the fourth quarter of 2015.

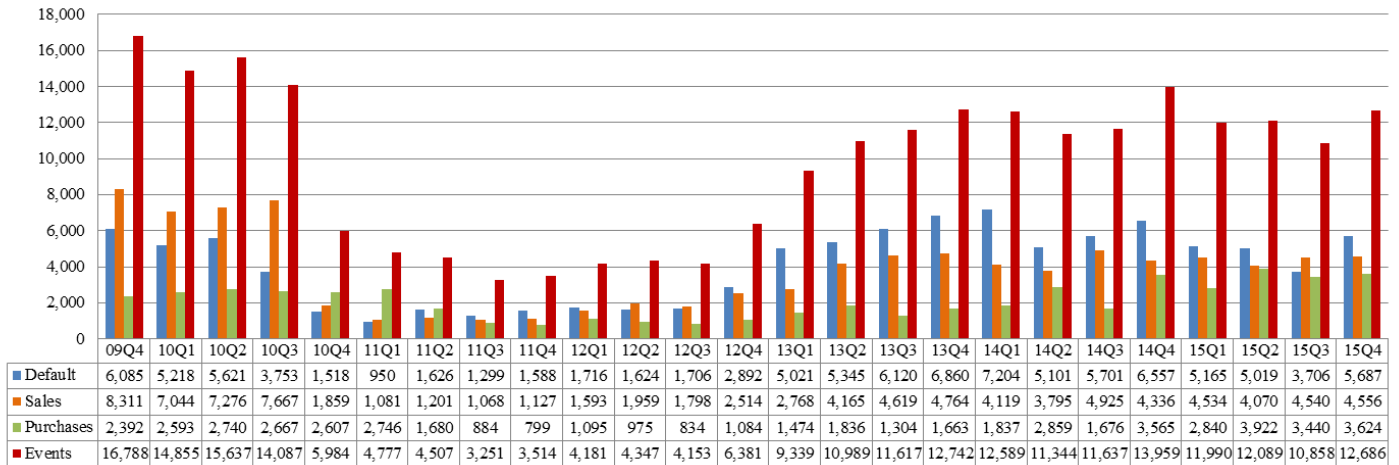
**EXHIBIT 1. FORECLOSURES IN MARYLAND AND U.S.
FOURTH QUARTER 2015**

Indicator	Notices of Default	Notices of Sales	Lender Purchases	Properties with Foreclosure Filings*
<i>Maryland</i>				
Number of Events	5,687	4,556	3,624	12,686
Change (Last Quarter)	53.5%	0.4%	5.3%	16.8%
Change (Last Year)	-13.3%	5.1%	1.7%	-9.1%
<i>U.S.</i>				
Number of Events	88,105	117,951	116,562	299,855
Change (Last Quarter)	-0.4%	-10.0%	-6.0%	-8.4%
Change (Last Year)	-23.3%	-25.2%	51.0%	-11.0%

* The sum of the three stages of foreclosure may exceed the number of properties. The last column in this table represent the number of unique property foreclosures, hence multiple counting of the events has been eliminated.

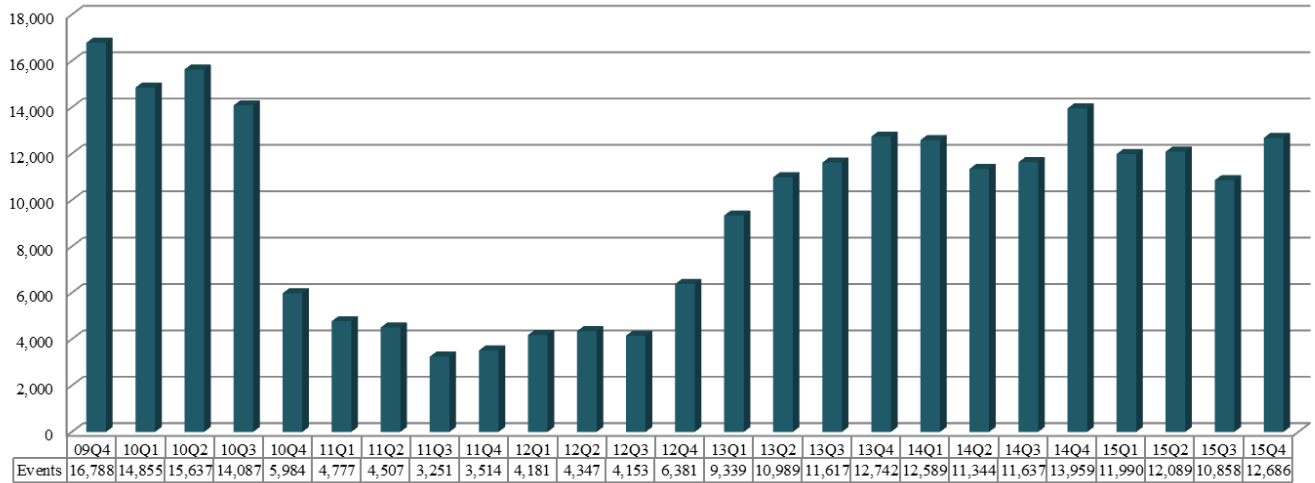
Source: RealtyTrac

**EXHIBIT 2. STAGES OF FORECLOSURE ACTIVITY IN MARYLAND
FOURTH QUARTER 2009 THROUGH FOURTH QUARTER 2015**



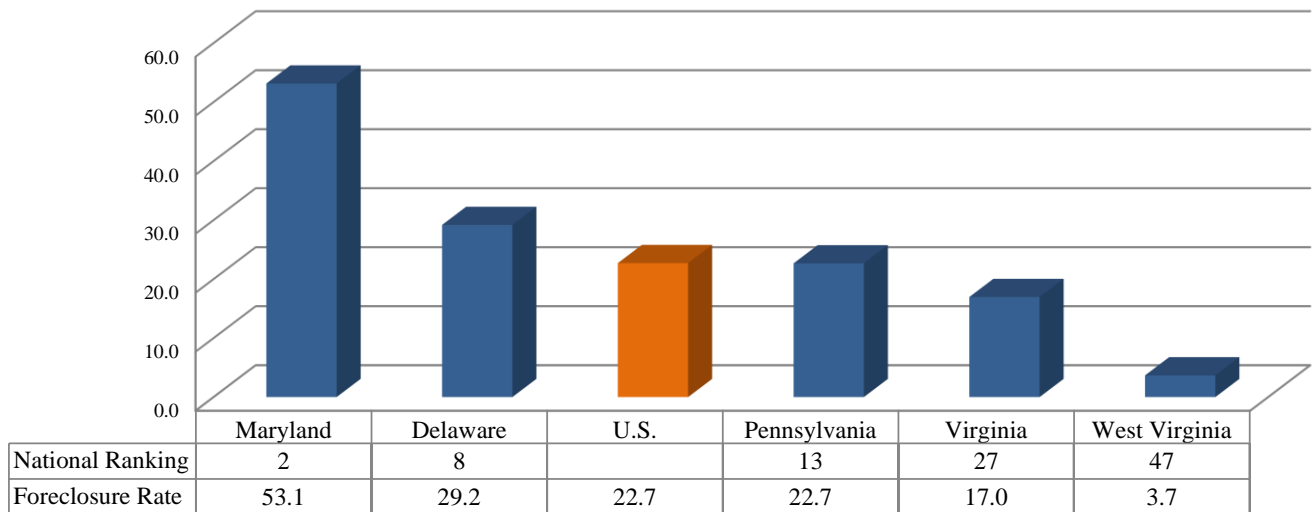
Source: RealtyTrac

CHART 1. TOTAL FORECLOSURE ACTIVITY
FOURTH QUARTER 2015



Source: RealtyTrac

CHART 2. FORECLOSURE RATES IN THE REGION: NUMBER OF FORECLOSURES PER 10,000 HOUSEHOLDS
FOURTH QUARTER 2015



Source: RealtyTrac

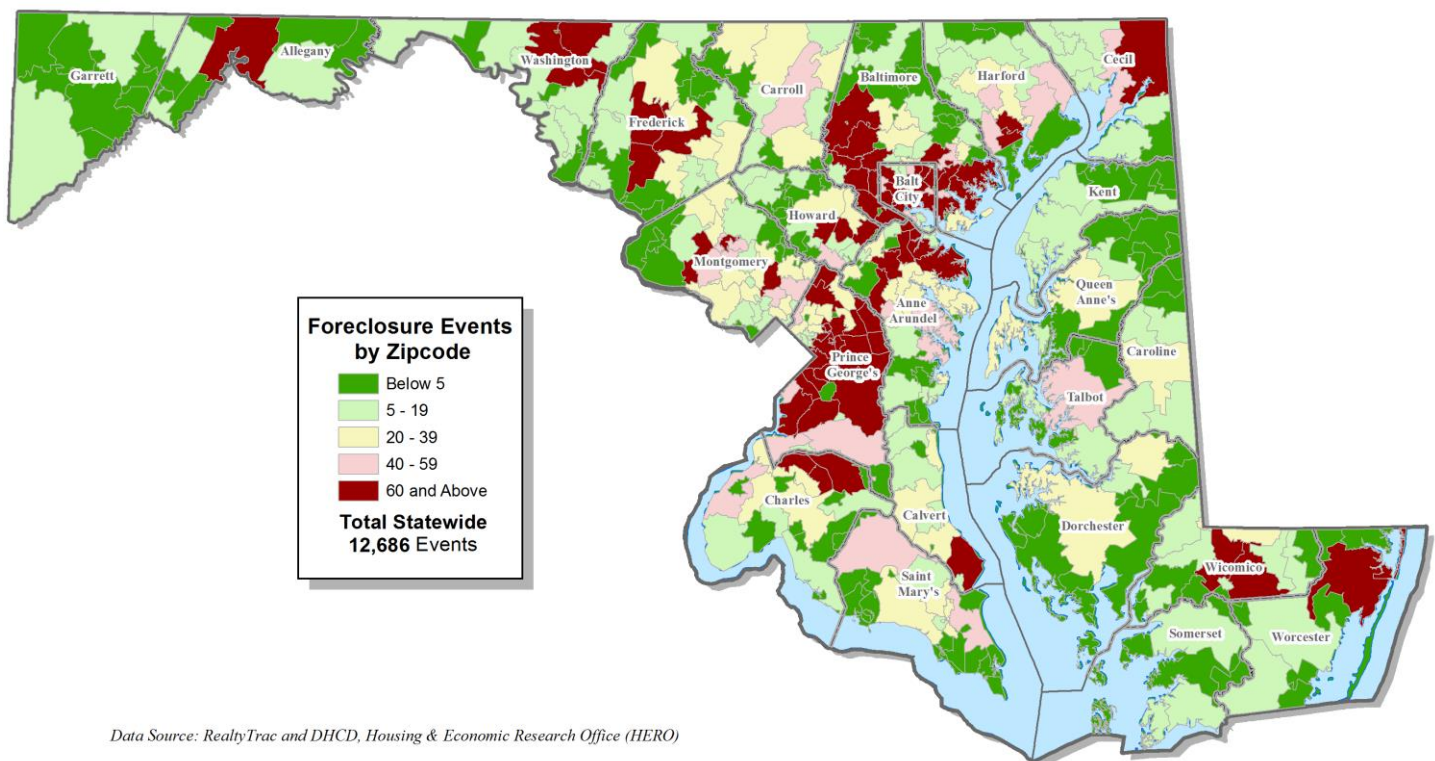
Table 1 shows the fourth quarter foreclosures events in Maryland jurisdictions. Prince George's County with 2,473 events had the largest share of foreclosures statewide, accounting for 19.5 percent of the total. Foreclosure activity in that county increased 2.7 percent above the previous quarter but declined 13.3 percent from one year ago. Baltimore City saw a 17.3 percent increase from the third quarter. With 1,932 filings, the City had the second largest number of foreclosure events, accounting for 15.2 percent of the total. On an annual basis, the City's foreclosures fell 5.5 percent below the fourth quarter of last year. Baltimore County with 1,926 foreclosures, or 15.2 percent of the total, had the third highest number of foreclosures in Maryland. Foreclosures in this county grew 24.0 percent above the preceding quarter and by 0.5 percent from the preceding year. Other counties with large foreclosure events include Anne Arundel (1,118 events or 8.8 percent), Montgomery (1,006 events or 7.9 percent of the total), Harford (559 events or 4.4 percent), Frederick (501 events or 3.9 percent), Charles (471 events or 3.7 percent), Howard counties (416 events or 3.3 percent), and Washington (339 events or 2.7 percent). These ten jurisdictions represented 84.7 percent of all foreclosures events in Maryland.

TABLE 1. PROPERTY FORECLOSURE EVENTS
FOURTH QUARTER 2015

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total*			
				Number	County Share	% Change from	
						2015 Q3	2014 Q4
Allegany	44	49	36	124	1.0%	20.9%	-5.2%
Anne Arundel	506	347	368	1,118	8.8%	36.1%	2.3%
Baltimore	954	704	480	1,926	15.2%	24.0%	0.5%
Baltimore City	850	717	533	1,932	15.2%	17.3%	-5.5%
Calvert	87	87	82	237	1.9%	1.5%	-13.4%
Caroline	33	25	27	72	0.6%	7.5%	-43.9%
Carroll	86	82	79	228	1.8%	2.6%	-17.7%
Cecil	83	77	98	244	1.9%	47.0%	-10.3%
Charles	183	169	151	471	3.7%	13.4%	-13.0%
Dorchester	17	34	36	80	0.6%	-6.4%	-34.3%
Frederick	146	155	236	501	3.9%	40.4%	-10.7%
Garrett	19	10	13	40	0.3%	16.1%	-0.3%
Harford	183	223	199	559	4.4%	24.4%	2.7%
Howard	174	115	155	416	3.3%	39.8%	-5.4%
Kent	20	8	22	45	0.4%	16.8%	-17.4%
Montgomery	409	402	268	1,006	7.9%	6.7%	-13.7%
Prince George's	1,397	1,001	344	2,473	19.5%	2.7%	-13.3%
Queen Anne's	42	31	54	117	0.9%	22.5%	-15.1%
Somerset	13	23	21	52	0.4%	10.6%	-9.1%
St. Mary's	83	66	95	220	1.7%	16.4%	-13.5%
Talbot	33	27	36	88	0.7%	49.0%	16.3%
Washington	145	103	130	339	2.7%	13.3%	-26.6%
Wicomico	108	62	88	234	1.8%	12.2%	-25.8%
Worcester	71	39	73	161	1.3%	40.0%	-18.9%
Maryland	5,687	4,555	3,624	12,685	100.0%	16.8%	-9.1%

*The sum of the three stages of foreclosure may exceed the total. Total number of foreclosures represents unique properties.
Source: RealtyTrac

**MAP 1: DISTRIBUTION OF PROPERTY FORECLOSURE EVENTS
FOURTH QUARTER 2015**



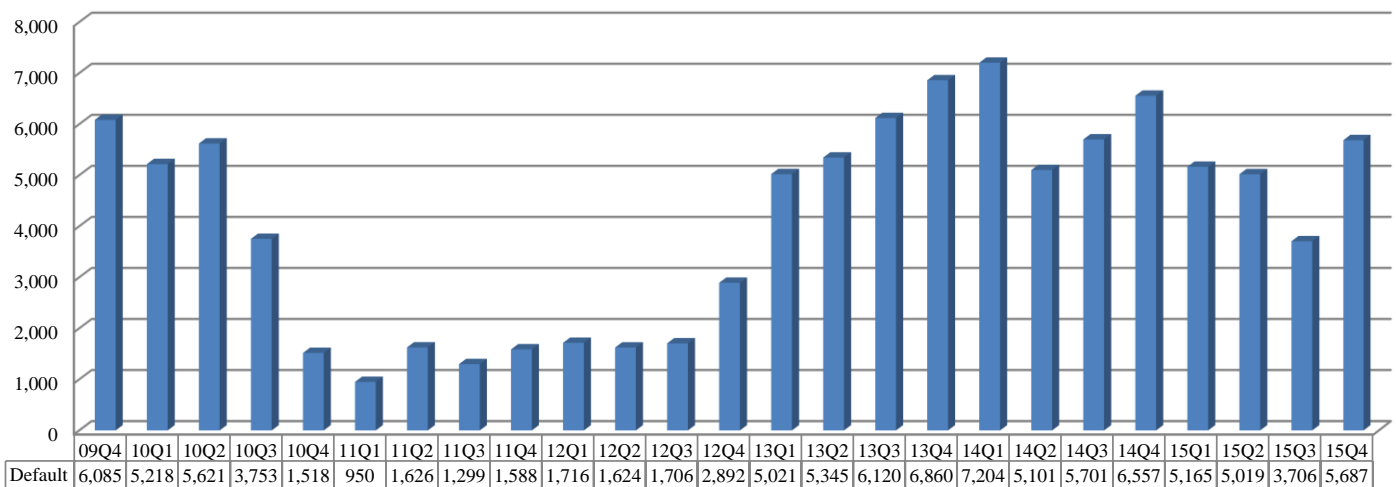
Data Source: RealtyTrac and DHCD, Housing & Economic Research Office (HERO)

NOTICES OF MORTGAGE LOAN DEFAULT

Notices of default (the initial document filed by the lender to start the foreclosure process, also called pre-foreclosure stage) jumped 53.5 percent to 5,687 filings in the fourth quarter, posting the highest level of new defaults in three years (Chart 5). Compared to last year, new foreclosure filings were down by 13.3 percent, recording the seventh consecutive year-over-year declines (Table 2).

Prince George's County accounted for the largest share of defaults – 24.6 percent of all filings statewide or 1,397 notices (Table 2). The county's default notices grew 57.7 percent above the previous quarter, but fell 3.1 percent below last year. Baltimore County with 954 default notices, or 16.8 percent of the total, had the second highest number of notices. The county's default notices grew 111.6 percent above the previous quarter and by 22.2 percent above last year. Baltimore City with 850 default notices (14.9 percent of the total) had the second highest number of defaults in Maryland. The City's new defaults increased 77.1 percent above the preceding quarter, but fell 10.0 percent below last year. Anne Arundel County with 506 default notices, or 7.8 percent of the total, had the fourth highest number of notices. Montgomery County with 409 default notices, or 7.2 percent of the total, had the fifth highest number of notices, followed by Harford County and Charles County, both with 183 defaults (3.2 percent of the total), and Howard County with 174 notices or 3.1 percent total statewide. Together, these eight jurisdictions represented 81.9 percent of all default notices issued statewide.

CHART 5. NOTICES OF MORTGAGE LOAN DEFAULT
FOURTH QUARTER 2015



Source: RealtyTrac

**TABLE 2. NOTICES OF MORTGAGE LOAN DEFAULT
FOURTH QUARTER 2015**

Jurisdiction	2015 Q4		% Change from	
	Number	% of Total	2015 Q3	2014 Q4
Allegany	44	0.8%	-6.7%	-27.9%
Anne Arundel	506	8.9%	75.1%	43.1%
Baltimore	954	16.8%	111.6%	22.2%
Baltimore City	850	14.9%	77.1%	-10.0%
Calvert	87	1.5%	-0.1%	-29.4%
Caroline	33	0.6%	44.2%	-39.1%
Carroll	86	1.5%	17.1%	-33.9%
Cecil	83	1.5%	9.2%	-27.2%
Charles	183	3.2%	13.0%	-30.1%
Dorchester	17	0.3%	-57.6%	-73.3%
Frederick	146	2.6%	16.3%	-38.1%
Garrett	19	0.3%	57.8%	-5.8%
Harford	183	3.2%	-1.0%	-38.4%
Howard	174	3.1%	95.7%	-9.3%
Kent	20	0.3%	17.2%	-23.7%
Montgomery	409	7.2%	30.6%	-38.7%
Prince George's	1,397	24.6%	57.7%	-3.1%
Queen Anne's	42	0.7%	-16.6%	-43.3%
Somerset	13	0.2%	-36.4%	-47.0%
St. Mary's	83	1.5%	27.4%	-35.1%
Talbot	33	0.6%	22.2%	-13.5%
Washington	145	2.6%	111.0%	-42.3%
Wicomico	108	1.9%	54.9%	-36.1%
Worcester	71	1.2%	50.1%	-32.5%
Maryland	5,687	100.0%	53.5%	-13.3%

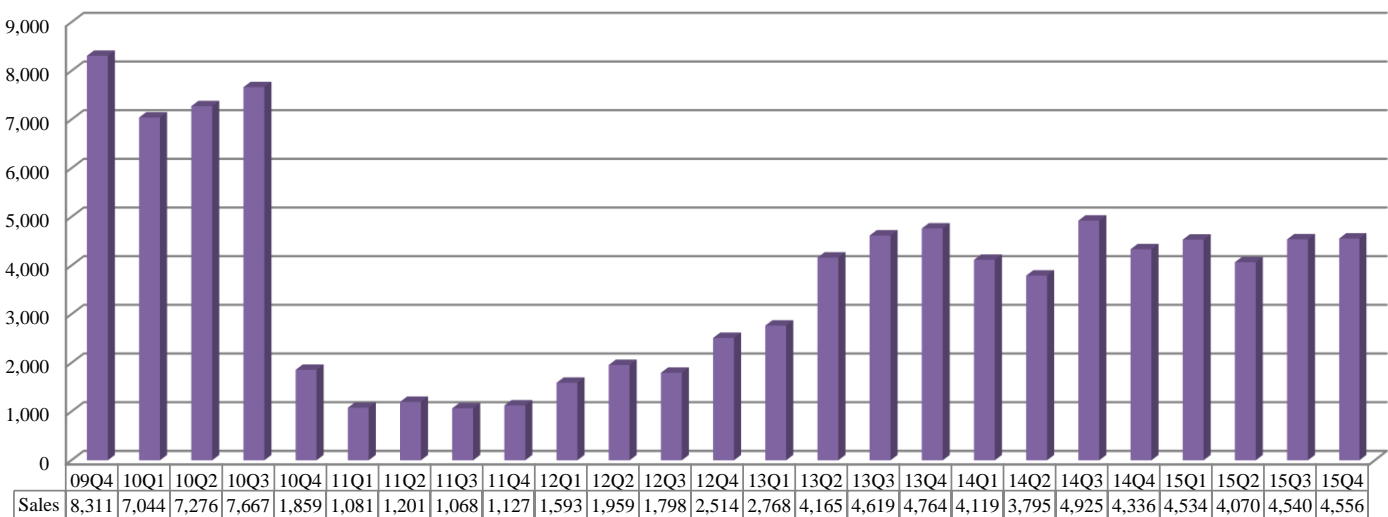
Source: RealtyTrac

NOTICES OF FORECLOSURE SALES

Foreclosure sale or judgment of sales notice (an order signed by a judge authorizing the sale of a property at a public auction) increased 0.4 from the prior quarter to 4,556 filings (Chart 6). Compared with the fourth quarter 2014, foreclosure sales were up 5.1 percent.

Foreclosure sales fell 10.8 percent in Prince George's County to 1,001 notices, but were up 7.8 percent above last year. Foreclosure sales in that county accounted for 22.0 percent of all foreclosure sales statewide, the largest share among the state's twenty-four jurisdictions (Table 3). Baltimore City with 717 notices, or 15.7 percent of the total, had the second highest number of foreclosure sales in Maryland. Foreclosure sales in the City were up 9.0 percent from the preceding quarter, a spike of 36.7 percent compared with the same period last year. Baltimore County with 704 notices, or 15.5 percent of the total, had the third highest number of foreclosure sales. Notices of sales in the county grew 4.6 percent from the previous quarter and by 13.1 percent above last year. Montgomery County with 402 notices, or 8.8 percent of the total, had the fourth highest number of foreclosure sales this quarter. Notices of sales in that county fell 2.6 percent below the prior quarter but grew 14.3 percent above last year. Other jurisdictions with elevated notices include Anne Arundel County with 347 notices (7.6 percent), Harford County with 223 notices (4.9 percent), Charles County with 169 notices (3.7 percent), and Frederick County with 155 (3.4 percent). Together, these eight jurisdictions accounted for 81.6 percent of all notices of sales issued statewide.

CHART 6. NOTICES OF FORECLOSURE SALES
FOURTH QUARTER 2015



Source: RealtyTrac

TABLE 3. NOTICES OF FORECLOSURE SALES
FOURTH QUARTER 2015

Jurisdiction	2015 Q4		% Change from	
	Number	% of Total	2015 Q3	2014 Q4
Allegany	49	1.1%	70.0%	105.2%
Anne Arundel	347	7.6%	-9.7%	-24.2%
Baltimore	704	15.5%	4.6%	13.1%
Baltimore City	717	15.7%	9.0%	36.7%
Calvert	87	1.9%	12.9%	-8.8%
Caroline	25	0.5%	41.8%	-29.5%
Carroll	82	1.8%	3.5%	-4.0%
Cecil	77	1.7%	32.8%	0.0%
Charles	169	3.7%	-3.5%	-5.9%
Dorchester	34	0.7%	53.0%	31.1%
Frederick	155	3.4%	-5.6%	-34.1%
Garrett	10	0.2%	-10.6%	95.3%
Harford	223	4.9%	51.2%	53.1%
Howard	115	2.5%	-25.0%	-36.9%
Kent	8	0.2%	-39.9%	-39.2%
Montgomery	402	8.8%	-2.6%	14.3%
Prince George's	1,001	22.0%	-10.8%	7.8%
Queen Anne's	31	0.7%	-15.9%	30.3%
Somerset	23	0.5%	80.0%	71.9%
St. Mary's	66	1.5%	21.6%	3.8%
Talbot	27	0.6%	11.9%	87.8%
Washington	103	2.3%	-0.5%	3.6%
Wicomico	62	1.4%	-19.8%	-21.3%
Worcester	39	0.9%	15.8%	-27.7%
Maryland	4,556	100.0%	0.4%	5.1%

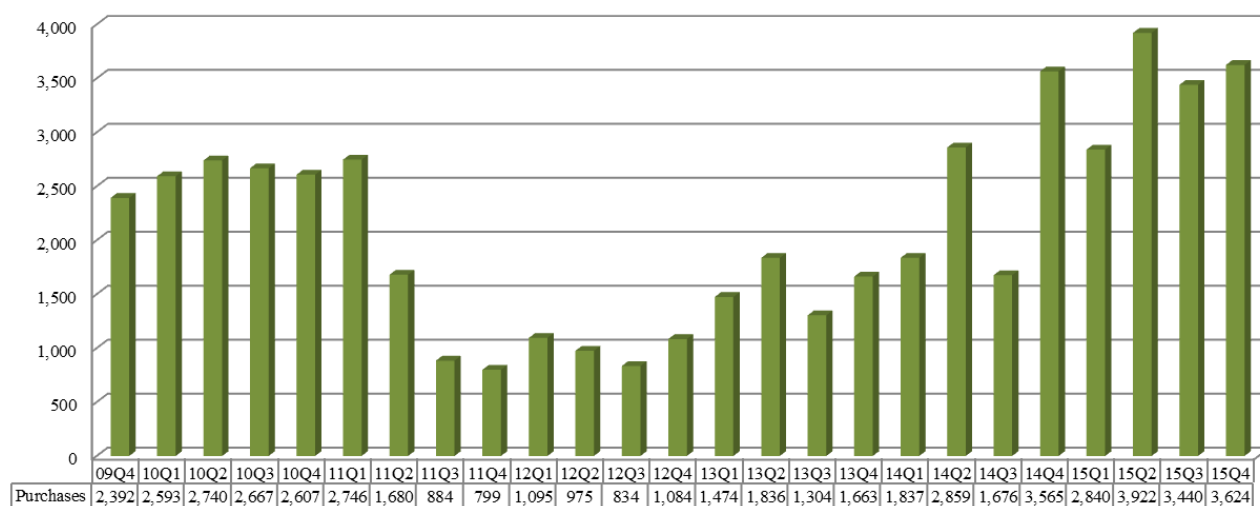
Source: RealtyTrac

LENDER PURCHASES OF FORECLOSED PROPERTIES

Lender purchases of real estate owned by the lender (the final step in foreclosure process that conveys property ownership back to lender) grew 5.3 percent to 3,624 properties in the fourth quarter. Compared to sales in the fourth quarter of 2014, lender purchases grew a modest 1.7 percent, posting the 13th consecutive quarter of growth as lenders continue to take back delinquent mortgages that were not sold.

A total of 533 lender purchases occurred in Baltimore City, representing 14.7 percent of all lender purchases statewide, the largest share (Table 4). The number of lender purchases in the City fell by 18.1 percent below the prior quarter, with a similar drop of 20.5 percent below the same period last year. Baltimore County with 480 lender purchases (13.2 percent of the total) had the second highest concentration in Maryland. Lender purchases in that county fell by 13.8 percent below the previous quarter, and 18.0 percent below when compared with year ago levels. Anne Arundel County had the third highest concentration in Maryland with 368 lender purchases (10.2 percent), a 69.7% increase from the previous quarter and 23.2 percent increase from the previous year. Other jurisdictions with elevated number of lender purchases include Prince George's County (344 purchases or 9.5 percent), Montgomery County (268 purchases or 7.4 percent), Frederick County (236 purchases or 6.5 percent), Harford County (199 purchases or 5.5 percent), and Howard County (155 purchases or 4.3 percent). Together, these eight jurisdictions represented 71.3 percent of all lender purchases statewide.

CHART 7. LENDER PURCHASES OF FORECLOSED PROPERTIES
FOURTH QUARTER 2015



**TABLE 4. LENDER PURCHASES OF FORECLOSED
PROPERTIES
FOURTH QUARTER 2015**

Jurisdiction	2015 Q4		% Change from	
	Number	% of Total	2015 Q3	2014 Q4
Allegany	36	1.0%	2.1%	-26.0%
Anne Arundel	368	10.2%	69.7%	23.2%
Baltimore	480	13.2%	-13.8%	-18.0%
Baltimore City	533	14.7%	-18.1%	-20.5%
Calvert	82	2.3%	-2.3%	21.0%
Caroline	27	0.7%	-8.7%	-34.8%
Carroll	79	2.2%	-7.9%	15.8%
Cecil	98	2.7%	139.0%	5.4%
Charles	151	4.2%	31.7%	22.8%
Dorchester	36	1.0%	38.0%	9.4%
Frederick	236	6.5%	145.6%	89.6%
Garrett	13	0.3%	-12.2%	-25.0%
Harford	199	5.5%	35.4%	58.4%
Howard	155	4.3%	102.3%	77.9%
Kent	22	0.6%	107.1%	18.3%
Montgomery	268	7.4%	-7.9%	64.7%
Prince George's	344	9.5%	-41.7%	-40.6%
Queen Anne's	54	1.5%	232.1%	23.0%
Somerset	21	0.6%	32.0%	6.1%
St. Mary's	95	2.6%	20.1%	33.3%
Talbot	36	1.0%	177.9%	55.4%
Washington	130	3.6%	-9.7%	0.1%
Wicomico	88	2.4%	30.0%	7.9%
Worcester	73	2.0%	90.8%	43.7%
Maryland	3,624	100.0%	5.3%	1.7%

Source: RealtyTrac